

MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL  
DISTRICT

INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2015

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MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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**Board of Education**

Dale Wimmer	President	2017
Pat Pierce	Vice President	2017
Tammy Flanigan	Board Member	2015
Bob Clausen	Board Member	2015
Karen Kennedy	Board Member	2017

**School Officials**

Steve Oberg	Superintendent
Shona Klingensmith	District Secretary/Treasurer

Gary E. Horton CPA

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Independent Auditor's Report

To the Board of Education of  
Maple Valley-Anthon Oto Community School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Maple Valley-Anthon Oto Community School District, Mapleton, Iowa, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above presents fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Maple Valley-Anthon Oto Community School District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 11 to the financial statements, Maple Valley-Anthon Oto Community School District adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and

Financial Reporting for Pensions . an Amendment of GASB Statement No 27. Our opinions are not modified with respect to this matter.

#### Other Matters

##### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 12 and 42 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U. S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

##### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Maple Valley-Anthon Oto Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the two years ended June 30, 2014 (which is not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 7, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

#### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 8, 2016 on our consideration of Maple Valley-Anthon Oto Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Maple Valley-Anthon Oto Community School District's internal control over financial reporting and compliance.

BURTON E. TRACY & CO., P.C.  
Certified Public Accountants

June 8, 2016

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Maple Valley-Anthon Oto Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### 2015 FINANCIAL HIGHLIGHTS

- General fund revenues decreased from \$8,118,432 in fiscal year 2014 to \$7,736,324 in fiscal year 2015, while General fund expenditures decreased from \$8,142,926 in fiscal year 2014 to \$7,801,364 in fiscal year 2015. The District's General Fund balance decreased from \$1,870,418 at the end of fiscal year 2014 to \$1,807,929 at the end of fiscal year 2015, a 3% decrease.
- The fiscal year 2015 General fund revenue decrease was attributable to a decrease in State Aid and other State Revenues. The decrease in expenditures was due primarily to budget cuts in the transportation and operations and maintenance departments, along with using other district funds for approved purchases in order to give the General Fund some relief. Despite our efforts to decrease General Fund expenses we still had a decrease in Fund Balance. We will continue to monitor this closely, making cuts where necessary and using other district funds when allowed.

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Maple Valley-Anthon Oto Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Maple Valley-Anthon Oto Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Maple Valley-Anthon Oto Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, the District's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor governmental funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the District.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

**Figure A-1**  
**Maple Valley-Anthon Oto Community School District Annual Financial Report**

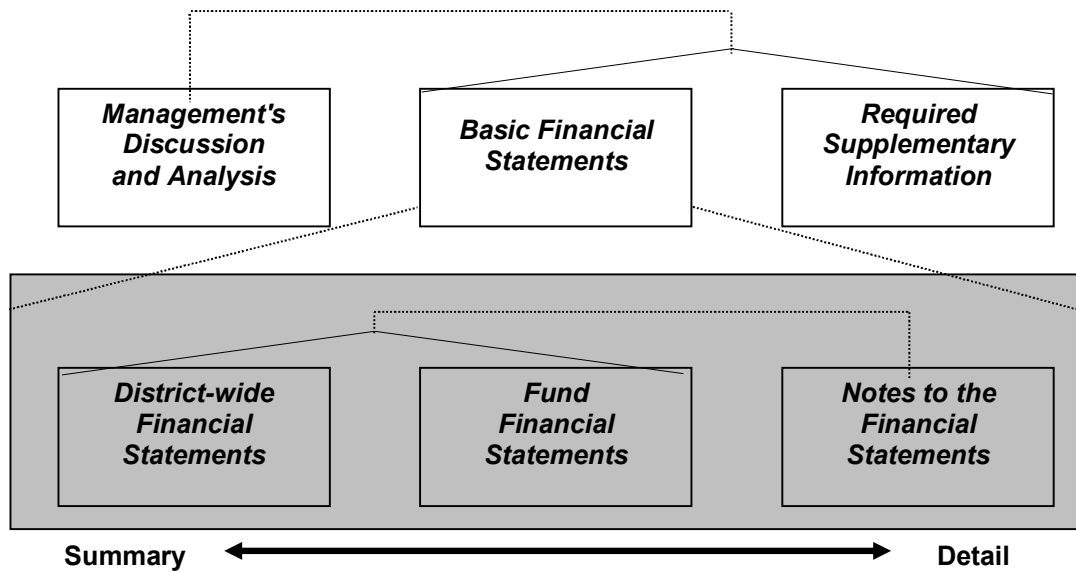


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

<b>Figure A-2</b> <b>Major Features of the Government-wide and Fund Financial Statements</b>				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses and changes in fund net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of deferred outflow/ inflow information	Consumption/ acquisition of net position that is applicable to a future reporting period	Consumption/ acquisition of fund balance that is applicable to a future reporting period	Consumption/ acquisition of net position that is applicable to a future reporting period	Consumption/ acquisition of net position that is applicable to a future reporting period
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.



The two government-wide financial statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

### *Fund Financial Statements*

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or major funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has two kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund

The required financial statements for proprietary funds include a statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position at June 30, 2015 compared to June 30, 2013.

Figure A-3

Figure 11.9

	Condensed Statement of Net Position						
	Governmental Activities		Business-type Activities		Total School District		Percentage Change
	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	2014-2015
	\$	\$	\$	\$	\$	\$	
Current and other assets	8,772,184	8,413,450	38,276	25,393	8,810,460	8,438,843	-4%
Capital assets	8,883,786	7,113,137	41,757	38,594	8,925,543	7,151,731	-20%
<b>Total assets</b>	<b>17,655,970</b>	<b>15,526,587</b>	<b>80,033</b>	<b>63,987</b>	<b>17,736,003</b>	<b>15,590,574</b>	<b>-12%</b>
Deferred outflows of resources	-	838,956	-	19,311	-	858,267	100%
Long-term liabilities	3,210,715	5,494,834	8,945	74,077	3,219,660	5,568,911	73%
Other liabilities	1,081,541	1,043,231	-	-	1,081,541	1,043,231	-4%
<b>Total liabilities</b>	<b>4,292,256</b>	<b>6,538,065</b>	<b>8,945</b>	<b>74,077</b>	<b>4,301,201</b>	<b>6,612,142</b>	<b>54%</b>
Deferred inflows of resources	3,604,947	4,770,105	7,549	24,800	3,612,496	4,794,905	33%
Net Position:							
Net investment in							
Capital assets	6,258,786	4,868,137	41,757	38,594	6,300,543	4,906,731	-22%
Restricted	2,423,223	2,218,748	-	-	2,423,223	2,218,748	-8%
Unrestricted	1,076,758	(2,029,512)	21,782	(54,173)	1,098,540	(2,083,685)	-290%
<b>TOTAL NET POSITION</b>	<b>9,758,767</b>	<b>5,057,373</b>	<b>63,539</b>	<b>(15,579)</b>	<b>9,822,306</b>	<b>5,041,794</b>	<b>-49%</b>

The District's combined net position decreased by 49%, or \$4,780,512 from the prior year.

Restricted net position represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position decreased \$204,475 or 8% from the prior year.

Unrestricted net position . the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements . decreased \$3,182,225, or 290%. This reduction in unrestricted net position was primarily a result of the District's net pension liability net pension expense recorded in the current year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions . an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business ty activities were restated by \$3,185,014 and \$73,312, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contributions. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

Figure A-4 shows the change in net position for the year ended June 30, 2014 compared to the year ended June 30, 2013.

Figure A-4

Figure A-4

	Change in Net Position						
	Governmental Activities		Business-type Activities		Total School District		Percentage Change
	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	2014-2015
	\$	\$	\$	\$	\$	\$	
Revenues:							
Program Revenues:							
Charges for services	1,612,532	1,029,396	114,212	139,597	1,726,744	1,168,993	-32%
Operating grants & contributions	1,203,835	1,228,988	289,379	246,194	1,493,214	1,475,182	-1%
Capital grants & contributions	-	-	-	-	-	-	0%
General Revenues:							
Property taxes	3,213,754	3,622,720	-	-	3,213,754	3,622,720	13%
Income Surtax	-	85,574	-	-	-	85,574	100%
Statewide sales services & use tax	628,602	636,632	-	-	628,602	636,632	1%
Unrestricted state grants	2,875,962	2,687,731	-	-	2,875,962	2,687,731	-7%
Unrestricted investment earnings	2,337	2,791	31	1,250	2,368	4,041	71%
Other	-	120,054	-	-	-	120,054	100%
<b>Total Revenues</b>	<b>9,537,022</b>	<b>9,413,886</b>	<b>403,622</b>	<b>387,041</b>	<b>9,940,644</b>	<b>9,800,927</b>	<b>-1%</b>
Expenses:							
Instruction	5,875,253	5,425,309	-	-	5,875,253	5,425,309	-8%
Support services	2,799,274	2,361,124	-	-	2,799,274	2,361,124	-16%
Non-instructional programs	5,000	12,157	423,231	392,847	428,231	405,004	-5%
Other expenditures	1,522,400	1,579,967	-	-	1,522,400	1,579,967	4%
<b>Total expenses</b>	<b>10,201,927</b>	<b>9,378,557</b>	<b>423,231</b>	<b>392,847</b>	<b>10,625,158</b>	<b>9,771,404</b>	<b>-8%</b>
Transfers	-	(1,551,709)	-	-	-	(1,551,709)	100%
<b>CHANGE IN NET POSITION</b>	<b>(664,905)</b>	<b>(1,516,380)</b>	<b>(19,609)</b>	<b>(5,806)</b>	<b>(684,514)</b>	<b>(1,522,186)</b>	<b>-122%</b>
Net position beginning of year (restated)	10,423,672	6,573,753	83,148	(9,773)	10,506,820	6,563,980	-38%
Net position end of year	9,758,767	5,057,373	63,539	(15,579)	9,822,306	5,041,794	-49%

Property tax and unrestricted state grants account for 64% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 80% of the total expenses.

### Governmental Activities

Revenues for governmental activities were \$9,413,886 and expenses were \$9,378,557.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2015 compared to the year ended June 30, 2014.

Figure A-5

	Total and Net Cost of Governmental Activities			
	Total Cost of Services	Total Cost of Services	Net Cost of Services	Net Cost of Services
	2014 (Not restated)	2015	2014 (Not restated)	2015
	\$	\$	\$	\$
Instruction	5,875,253	5,425,309	4,163,055	3,503,761
Support Services	2,799,274	2,361,124	2,781,566	2,320,492
Non-instructional Programs	5,000	12,157	5,000	12,157
Other Expenses	1,522,400	1,579,967	435,939	1,283,763
<b>TOTAL</b>	<b>10,201,927</b>	<b>9,378,557</b>	<b>7,385,560</b>	<b>7,120,173</b>

- The cost financed by users of the District's programs was \$1,029,396.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,228,988.
- The net cost of governmental activities was financed with \$4,344,926 in property and other taxes and \$2,687,731 in unrestricted state grants.

### **Business Type Activities**

Revenues for business type activities were \$387,041 and expenses were \$392,847. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

The District has been addressing our shortage in the School Nutrition Fund for several years. We have gradually increased lunch prices over the past few years, and have implemented a new system for collecting our past due lunch accounts. This year we were not able to break even, but we were able to use the fund balance we accumulated in past years to make up the difference. We hope to continue to make sure this Fund serves its purpose as a break-even business type activity, while not compromising our healthy lunch choices for our students. We will continue to monitor this fund and raise lunch prices accordingly.

### **INDIVIDUAL FUND ANALYSIS**

As previously noted, Maple Valley-Anthon Oto Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$3,574,451, below last year's fund balances of \$4,062,385.

### **Governmental Fund Highlights**

- The General Fund balance decreased from \$1,870,418 to \$1,807,929, a 3% decrease.
- The Capital Project Fund includes revenues from sales tax and from the physical plant and equipment property tax levy. These two revenue streams and the related expenditures are tracked separately in the District's accounting records, but are combined into one Capital Projects Fund for financial reporting. The monies in the Capital Projects fund will be used for future capital improvements and equipment purchases.
  - The Physical Plant and Equipment Levy account balance decreased from \$664,219 at June 30, 2014 to \$455,188 at June 30, 2015.
  - The Statewide Sales Tax account balance decreased from \$1,048,393 at June 30, 2014 to \$910,470 at June 30, 2015.

### **Proprietary Fund Highlights**

School Nutrition Fund net position decreased from \$(9,773) restated at June 30, 2014 to \$(15,579) at June 30, 2015. The District reflected the related expenses for the net OPEB liability, which caused an overall reduction of net position.

## BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds. This is referred to as the certified budget. The budget is certified with the County Auditor and Department of Management each year. Iowa school districts may not certify a general fund budget in excess of its spending authority. The certified budget may be amended during the year utilizing similar statutorily prescribed procedures.

The other level of budgetary control is the ~~un~~spent (maximum) authorized budget~~+~~ and pertains only to the general fund of the District. The unspent balance is a budgetary concept and does not mean the ~~actual~~ General Fund cash~~+~~. It is imperative for users of District financial information to make this important distinction. The unspent balance is a budgetary carryover and does not represent actual dollars (General Fund cash) or actual financial position (unreserved, undesignated General Fund balance) of the district.

Total actual expenditures were \$3,256,883 less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

In spite of the District's budgetary practice, the certified budget was exceeded in the other expenditures functional area due to the timing of expenditures at year-end without sufficient time to amend the certified budget.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2015, the District had invested \$7,151,731, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net decrease of 20% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$421,666.

**Figure A-6**

#### *Capital Assets (net of depreciation)*

	Governmental Activities		Business type Activities		Total School District		Percentage Change
	2014	2015	2014	2015	2014	2015	2013-2014
	\$	\$	\$	\$	\$	\$	
Land	20,164	10,164	-	-	20,164	10,164	-50%
Buildings	7,535,742	6,023,184	-	-	7,535,742	6,023,184	-20%
Improvements	24,592	13,845	-	-	24,592	13,845	-44%
Equipment & Furniture	1,303,288	1,065,944	41,757	38,594	1,345,045	1,104,538	-18%
<b>TOTAL</b>	<b>8,883,786</b>	<b>7,113,137</b>	<b>41,757</b>	<b>38,594</b>	<b>8,925,543</b>	<b>7,151,731</b>	<b>-20%</b>

## Long-Term Debt

At June 30, 2015, the District had \$5,494,834 in general obligation, revenue and other long-term debt outstanding. This represents a decrease of 19%. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

**Figure A-7**  
**Outstanding Long-Term Obligations**

	Total School District		Percentage Change
	2014	2015	2014-2015
	\$	\$	
Governmental Activities:			
General Obligation Bonds	2,200,000	1,900,000	-14%
Revenue Bonds	425,000	345,000	-19%
Termination Benefits	182,071	13,975	-92%
Net Pension Liability	3,601,264	2,825,076	-22%
Net OPEB Liability	403,644	410,783	2%
	<u>6,811,979</u>	<u>5,494,834</u>	<u>-19%</u>
Business Type Activities:			
Net Pension Liability	82,893	65,027	-22%
Net OPEB Liability	8,945	9,050	1%
	<u>91,838</u>	<u>74,077</u>	<u>-19%</u>

## ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- Our districts consolidated on 7/1/12, so the newly formed district has received three years of sharing incentives, and our district patrons received three years of property tax relief. These expired this year so we will need to watch our budget closely in order to maintain our General Fund Balance.
- Even though we are officially consolidated, the old+ Maple Valley District patrons will be responsible for paying the bond debt therefore the newly reorganized district will have two separate tax rates until the Maple Valley bond is paid in full in the year 2022.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Shona Klingensmith, District Secretary/Treasurer and Business Manager, Maple Valley Community School District, 501 S. 7<sup>th</sup> St., Mapleton, Iowa 51034

## BASIC FINANCIAL STATEMENTS

## MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

## Statement of Net Position

June 30, 2015

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
<b>Assets</b>			
Cash, cash equivalents and pooled investments	4,189,204	15,872	4,205,076
Receivables:			
Property tax:			
Delinquent	45,173	-	45,173
Succeeding year	3,692,703	-	3,692,703
Accounts	1,047	-	1,047
Due from other governments	461,385	-	461,385
Inventories	-	9,521	9,521
Bond issue costs	23,938	-	23,938
Capital assets, net of accumulated depreciation	7,113,137	38,594	7,151,731
<b>Total assets</b>	<b>15,526,587</b>	<b>63,987</b>	<b>15,590,574</b>
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	838,956	19,311	858,267
<b>Liabilities</b>			
Accounts payable	78,011	-	78,011
Salaries and benefits payable	724,350	-	724,350
Due to other governments	234,423	-	234,423
Accrued interest payable	6,447	-	6,447
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	300,000	-	300,000
Revenue bonds payable	80,000	-	80,000
Termination benefits	13,975	-	13,975
Portion due after one year:			
General obligation bonds payable	1,600,000	-	1,600,000
Revenue bonds payable	265,000	-	265,000
Net pension liability	2,825,076	65,027	2,890,103
Net OPEB liability	410,783	9,050	419,833
<b>Total liabilities</b>	<b>6,538,065</b>	<b>74,077</b>	<b>6,612,142</b>
<b>Deferred Inflows of Resources:</b>			
Unavailable property tax revenue	3,692,703	-	3,692,703
Pension related deferred inflows	1,077,402	24,800	1,102,202
<b>Total deferred inflows of resources</b>	<b>4,770,105</b>	<b>24,800</b>	<b>4,794,905</b>

See notes to financial statements.



## MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

## Statement of Net Position

June 30, 2015

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
<b>Net Position</b>			
Net investment in capital assets	4,868,137	38,594	4,906,731
Restricted for:			
Categorical funding	472,646	-	472,646
Management levy	272,271	-	272,271
Physical plant and equipment levy	455,188	-	455,188
Student activities	80,982	-	80,982
School infrastructure	910,470	-	910,470
Debt service	27,191	-	27,191
Unrestricted	(2,029,512)	(54,173)	(2,083,685)
<b>Total net position</b>	<b>5,057,373</b>	<b>(15,579)</b>	<b>5,041,794</b>

MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2015

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Charges for Services</b>	<b>Program Revenues</b>	
			<b>Operating Grants, Contributions and Restricted Interest</b>	<b>Capital Grants, Contributions and Restricted Interest</b>
	\$	\$	\$	\$
Governmental activities:				
Instruction:				
Regular	3,265,565	517,961	659,106	-
Special	1,006,031	168,708	53,431	-
Other	1,153,713	317,224	205,118	-
	<u>5,425,309</u>	<u>1,003,893</u>	<u>917,655</u>	<u>-</u>
Support services:				
Student	233,712	-	-	-
Instructional staff	197,778	-	-	-
Administration	912,165	-	-	-
Operation and maintenance of plant	512,726	2,800	-	-
Transportation	504,743	22,703	15,129	-
	<u>2,361,124</u>	<u>25,503</u>	<u>15,129</u>	<u>-</u>
Non-instructional programs	<u>12,157</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	975,000	-	-	-
Long-term debt interest	53,665	-	-	-
AEA flowthrough	296,204	-	296,204	-
Depreciation (unallocated)*	255,098	-	-	-
	<u>1,579,967</u>	<u>-</u>	<u>296,204</u>	<u>-</u>
Total governmental activities	<u>9,378,557</u>	<u>1,029,396</u>	<u>1,228,988</u>	<u>-</u>
Business type activities:				
Non-instructional programs:				
Food service operations	<u>392,847</u>	<u>139,597</u>	<u>246,194</u>	<u>-</u>
Total	<u>9,771,404</u>	<u>1,168,993</u>	<u>1,475,182</u>	<u>-</u>
<b>General Revenues:</b>				
Property taxes levied for:				
General purposes				
Debt service				
Capital outlay				
Income surtax				
Statewide sales, services and use tax				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
Total general revenues				
Transfers				
Total general revenues and transfers				

**Change in net position**

Net position beginning of year (restated)

Net position end of year

\*This amount excludes the depreciation that is included in the direct expenses of the various programs.

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business Type Activities	Total
\$	\$	\$
(2,088,498)	-	(2,088,498)
(783,892)	-	(783,892)
(631,371)	-	(631,371)
<u>(3,503,761)</u>	<u>-</u>	<u>(3,503,761)</u>
(233,712)	-	(233,712)
(197,778)	-	(197,778)
(912,165)	-	(912,165)
(509,926)	-	(509,926)
(466,911)	-	(466,911)
<u>(2,320,492)</u>	<u>-</u>	<u>(2,320,492)</u>
<u>(12,157)</u>	<u>-</u>	<u>(12,157)</u>
(975,000)	-	(975,000)
(53,665)	-	(53,665)
-	-	-
(255,098)	-	(255,098)
<u>(1,283,763)</u>	<u>-</u>	<u>(1,283,763)</u>
(7,120,173)	-	(7,120,173)
<u>-</u>	<u>(7,056)</u>	<u>(7,056)</u>
<u>(7,120,173)</u>	<u>(7,056)</u>	<u>(7,127,229)</u>
3,179,096	-	3,179,096
336,882	-	336,882
106,742	-	106,742
85,574	-	85,574
636,632	-	636,632
2,687,731	-	2,687,731
2,791	1,250	4,041
120,054	-	120,054
7,155,502	1,250	7,156,752
<u>(1,551,709)</u>	<u>-</u>	<u>(1,551,709)</u>
5,603,793	1,250	5,605,043
(1,516,380)	(5,806)	(1,522,186)
<u>6,573,753</u>	<u>(9,773)</u>	<u>6,563,980</u>
<u>5,057,373</u>	<u>(15,579)</u>	<u>5,041,794</u>

## MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

Balance Sheet  
Governmental Funds

June 30, 2015

	General	Capital Projects	Nonmajor Governmental	Total
<b>Assets</b>	\$	\$	\$	\$
Cash, cash equivalents and pooled investments	2,529,481	1,265,337	394,386	4,189,204
Receivables:				
Property tax:				
Delinquent	38,429	1,313	5,431	45,173
Succeeding year	3,051,025	109,003	532,675	3,692,703
Accounts	-	-	1,047	1,047
Due from other governments	362,377	99,008	-	461,385
<b>Total assets</b>	<u>5,981,312</u>	<u>1,474,661</u>	<u>933,539</u>	<u>8,389,512</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	78,011	-	-	78,011
Salaries and benefits payable	724,350	-	-	724,350
Due to other governments	234,423	-	-	234,423
Total liabilities	<u>1,036,784</u>	<u>-</u>	<u>-</u>	<u>1,036,784</u>
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	3,051,025	109,003	532,675	3,692,703
Income surtax	85,574	-	-	85,574
Total deferred inflows of resources	<u>3,136,599</u>	<u>109,003</u>	<u>532,675</u>	<u>3,778,277</u>
Fund balances:				
Restricted for:				
Categorical funding	472,646	-	-	472,646
Debt service	-	-	33,636	33,636
Management levy	-	-	286,246	286,246
Student activities	-	-	80,982	80,982
School infrastructure	-	910,470	-	910,470
Physical plant and equipment	-	455,188	-	455,188
Unassigned	1,335,283	-	-	1,335,283
Total fund balances	<u>1,807,929</u>	<u>1,365,658</u>	<u>400,864</u>	<u>3,574,451</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>5,981,312</u>	<u>1,474,661</u>	<u>933,539</u>	<u>8,389,512</u>

## MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Position

June 30, 2015

		\$
<b>Total fund balances of governmental funds (Exhibit C)</b>		3,574,451
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		7,113,137
Bond issue costs are an expense when incurred in the governmental funds, but are capitalized and amortized over the life of the bonds for the government-wide financial statements.		23,938
Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.		85,574
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(6,447)
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	838,956	
Deferred inflows of resources	<u>(1,077,402)</u>	(238,446)
Long-term liabilities, including bonds payable, termination benefits, other postemployment benefits and net pension liability are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.		<u>(5,494,834)</u>
<b>Net position of governmental activities (Exhibit A)</b>		<u><u>5,057,373</u></u>

## MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds

Year ended June 30, 2015

	General	Capital Projects	Nonmajor Governmental	Total
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	3,078,455	106,742	437,523	3,622,720
Tuition	475,191	-	-	475,191
Other	265,959	275	290,703	556,937
State sources	3,595,175	636,632	59	4,231,866
Federal sources	321,544	-	-	321,544
Total revenues	<u>7,736,324</u>	<u>743,649</u>	<u>728,285</u>	<u>9,208,258</u>
Expenditures:				
Current:				
Instruction:				
Regular	3,238,241	-	185,255	3,423,496
Special	1,005,401	-	-	1,005,401
Other	867,884	-	285,409	1,153,293
	<u>5,111,526</u>	<u>-</u>	<u>470,664</u>	<u>5,582,190</u>
Support services:				
Student	237,229	-	-	237,229
Instructional staff	197,673	-	-	197,673
Administration	895,524	-	11	895,535
Operation and maintenance of plant	600,892	17,197	10	618,099
Transportation	450,159	1,648	1,016	452,823
	<u>2,381,477</u>	<u>18,845</u>	<u>1,037</u>	<u>2,401,359</u>
Non-instructional programs	<u>12,157</u>	<u>-</u>	<u>-</u>	<u>12,157</u>
Other expenditures:				
Facilities acquisition	-	975,000	-	975,000
Long-term debt:				
Principal	-	-	380,000	380,000
Interest and fiscal charges	-	-	51,833	51,833
AEA flowthrough	296,204	-	-	296,204
	<u>296,204</u>	<u>975,000</u>	<u>431,833</u>	<u>1,703,037</u>
Total expenditures	<u>7,801,364</u>	<u>993,845</u>	<u>903,534</u>	<u>9,698,743</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(65,040)</u>	<u>(250,196)</u>	<u>(175,249)</u>	<u>(490,485)</u>

MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds

Year ended June 30, 2015

	General	Capital Projects	Nonmajor Governmental	Total
	\$	\$	\$	\$
Other financing sources (uses):				
Sale of equipment	2,551	-	-	2,551
Transfers in	-	-	96,758	96,758
Transfers out	-	(96,758)	-	(96,758)
Total other financing sources (uses)	<u>2,551</u>	<u>(96,758)</u>	<u>96,758</u>	<u>2,551</u>
Change in fund balances	(62,489)	(346,954)	(78,491)	(487,934)
Fund balances beginning of year	<u>1,870,418</u>	<u>1,712,612</u>	<u>479,355</u>	<u>4,062,385</u>
Fund balances end of year	<u><u>1,807,929</u></u>	<u><u>1,365,658</u></u>	<u><u>400,864</u></u>	<u><u>3,574,451</u></u>

MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances - Governmental Funds to the  
Statement of Activities

Year ended June 30, 2015

	\$	\$
<b>Change in fund balances - total governmental funds (Exhibit E)</b>		(487,934)

***Amounts reported for governmental activities in the  
Statement of Activities are different because:***

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures, decrease in capital assets and depreciation expense in the current year are as follows:

Expenditures for capital assets	199,563	
Decrease capital assets	(1,551,709)	
Depreciation expense	<u>(418,503)</u>	(1,770,649)

Income surtaxes not collected for several months after the District's fiscal year ends are not considered "available" revenues in the governmental funds and are included as deferred revenues. They are, however, recorded as revenues in the Statement of Activities.

85,574

Repayment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

380,000

Bond issue costs are reported as expenses in the fund financial statements when incurred, but are capitalized and amortized over the life of the bonds for the government-wide financial statements.

(3,989)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

(1,832)

The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position.

399,348

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Termination benefits	168,097	
Pension expense	(277,856)	
Other postemployment benefits	<u>(7,139)</u>	(116,898)

**Changes in net position of governmental activities (Exhibit B)**

(1,516,380)



## MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

Statement of Net Position  
Proprietary Fund

June 30, 2015

	Enterprise Fund
	Nonmajor School Nutrition
	\$
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	15,872
Inventories	9,521
Total current assets	<u>25,393</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>38,594</u>
<b>Total assets</b>	<u>63,987</u>
<b>Deferred Outflows of Resources</b>	
Pension related deferred outflows	<u>19,311</u>
<b>Liabilities</b>	
Noncurrent liabilities:	
Net pension liability	65,027
Net OPEB liability	9,050
<b>Total liabilities</b>	<u>74,077</u>
<b>Deferred Inflows of Resources</b>	
Pension related deferred inflows	<u>24,800</u>
<b>Net position</b>	
Investment in capital assets	38,594
Unrestricted	<u>(54,173)</u>
<b>Total net position</b>	<u><u>(15,579)</u></u>

## MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Fund

Year ended June 30, 2015

	Enterprise Fund
	Nonmajor School Nutrition
	\$
Operating revenues:	
Local sources:	
Charges for service	139,597
Operating expenses:	
Non-instructional programs:	
Salaries	146,819
Benefits	32,151
Purchased services	10,006
Supplies	200,708
Depreciation	3,163
Total operating expenses	392,847
Operating income (loss)	(253,250)
Non-operating revenues:	
State sources	3,351
Federal sources	242,843
Interest income	1,250
Total non-operating revenues	247,444
Decrease in net position	(5,806)
Net position beginning of year (restated)	(9,773)
Net position end of year	(15,579)

## MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows  
Proprietary Fund

Year ended June 30, 2015

	Enterprise Fund Nonmajor School Nutrition \$
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	134,762
Cash paid to employees for services	(181,762)
Cash paid to suppliers for goods or services	(185,998)
Net cash used by operating activities	<u>(232,998)</u>
Cash flows from non-capital financing activities:	
State grants received	3,351
Federal grants received	218,187
Net cash provided by non-capital financing activities	<u>221,538</u>
Cash flows from capital and related financing activities	<u>-</u>
Cash flows from investing activities:	
Interest on investments	<u>1,250</u>
Net increase (decrease) in cash and cash equivalents	(10,210)
Cash and cash equivalents at beginning of year	<u>26,082</u>
Cash and cash equivalents at end of year	<u><u>15,872</u></u>
<b>Reconciliation of operating income (loss) to net cash used by operating activities:</b>	
Operating income (loss)	(253,250)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:	
Commodities used	24,656
Depreciation	3,163
Decrease (increase) in inventories	(41)
Decrease (increase) in accounts receivable	2,714
(Decrease) increase in deferred revenue	(7,549)
Decrease in net pension liability	(17,866)
Increase in deferred outflows of resources	(9,730)
Increase in deferred inflows of resources	24,800
(Decrease) increase in other postemployment benefits	105
Net cash used by operating activities	<u><u>(232,998)</u></u>

**Non-cash investing, capital and related financing activities:**

During the year ended June 30, 2015, the District received \$24,656 of federal commodities.

# MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2015

### 1. Summary of Significant Accounting Policies

Maple Valley-Anthon Oto Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the City of Mapleton, Anthon, and Oto, Iowa and the predominately agricultural territory in a portion of Monona, Ida, Woodbury and Crawford Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

#### A. Reporting Entity

For financial reporting purposes, Maple Valley-Anthon Oto Community School District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The Maple Valley-Anthon Oto Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the County Assessor's Conference Board.

#### B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

*Net investment in capital assets* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

*Restricted net position* results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

*Unrestricted net position* consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management, which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements . Separate financial statements are provided for governmental and proprietary. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

#### C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants, and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the district's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications . committed, assigned, and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit, which are stated at cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable . Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1,

2014 through June 30, 2015 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2014.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants, and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets . Capital assets, which include property, furniture and equipment and intangibles, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
	\$
Land	500
Buildings	2,500
Improvements other than buildings	2,500
Intangibles	25,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,500

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50 years
Improvements other than buildings	5-20 years
Intangibles	2-10 years
Furniture and equipment	3-15 years

The District's collection of library books and other similar materials are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to District policy that requires proceeds from the sale of these items, if any, to be used to acquire other collection items.

Deferred Outflows of Resources . Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

Advances from Grantors . Grant proceeds which have been received by the District but will be spent in a succeeding fiscal year.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use. Employees are not paid for unused vacation and sick leave benefits when employment with the District ends.

Long-term Liabilities . In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Pensions . For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees Retirement System (IPERS) and additions to/deductions from IPERS fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources . Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivables that will not be recognized until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Fund Equity . In the governmental fund financial statements fund balances are classified as follows:

Restricted . Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned . All amounts not included in the preceding classifications.

#### E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2015, expenditures exceeded the amounts budgeted in the other expenditures function.

## 2. **Cash, Cash Equivalents and Pooled Investments**

The District's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.



At June 30, 2015, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio, which are valued at an amortized cost of \$1,521,217 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Interest rate risk: The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District.

Credit risk: The investment in the Iowa Schools Joint Investment Trust was rated AAAM by Standard & Poor's Financial Services.

### 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

Transfer To	Transfer From	Amount
		\$
Nonmajor Debt Service Fund	Capital Projects Lost Fund	96,758

These transfers reflect funds used for debt service payments and other reimbursements.

### 4. Capital Assets

Capital assets activity for the year ended June 30, 2015 was as follows:

	Balance Beginning of Year \$	Increases \$	Decreases \$	Balance End of Year \$
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	20,164	-	10,000	10,164
Capital assets being depreciated:				
Buildings	12,732,925	-	3,078,525	9,654,400
Improvements other than buildings	450,258	-	188,232	262,026
Furniture and equipment	3,611,089	199,563	1,167,154	2,643,498
Total capital assets being deprec.	16,794,272	199,563	4,433,911	12,559,924
Less accumulated depreciation for:				
Buildings	5,197,183	253,944	1,819,911	3,631,216
Improvements other than buildings	425,666	1,154	178,639	248,181
Furniture and equipment	2,307,801	163,405	893,652	1,577,554
Total accumulated depreciation	7,930,650	418,503	2,892,202	5,456,951
Total capital assets being depreciated, net	8,863,622	(218,940)	1,541,709	7,102,973
Governmental activities capital assets, net	8,883,786	(218,940)	1,551,709	7,113,137

	Balance Beginning of Year \$	Increases \$	Decreases \$	Balance End of Year \$
<b>Business type activities:</b>				
Furniture and equipment	219,642	-	-	219,642
Less accumulated depreciation	<u>177,885</u>	<u>3,163</u>	<u>-</u>	<u>181,048</u>
Business type activities capital assets, net	<u>41,757</u>	<u>(3,163)</u>	<u>-</u>	<u>38,594</u>

Depreciation expense was charged to the following functions:

	\$
Governmental activities:	
Instruction:	
Regular	54,898
Support services:	
Student support	28,433
Administration	15,790
Operation and maintenance of plant	12,469
Transportation	<u>51,815</u>
	163,405
Unallocated depreciation	<u>255,098</u>
Total depreciation expense . governmental activities	<u>418,503</u>
Business type activities:	
Food services	<u>3,163</u>

## 5. Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2015, are summarized as follows:

	Balance Beginning of Year \$	Additions \$	Reductions \$	Balance End of Year \$	Due Within One Year \$
Governmental activities:					
General obligation bonds	2,200,000	-	300,000	1,900,000	300,000
Revenue bonds	425,000	-	80,000	345,000	80,000
Termination benefits	182,071	-	168,096	13,975	13,975
Net pension liability	3,601,264	-	776,188	2,825,076	-
Net OPEB liability	<u>403,644</u>	<u>7,139</u>	<u>-</u>	<u>410,783</u>	<u>-</u>
Total	<u>6,811,979</u>	<u>7,139</u>	<u>1,324,284</u>	<u>5,494,834</u>	<u>393,975</u>
Business type activities:					
Net pension liability	82,893	-	17,866	65,027	-
Net OPEB liability	<u>8,945</u>	<u>105</u>	<u>-</u>	<u>9,050</u>	<u>-</u>
	<u>91,838</u>	<u>105</u>	<u>17,866</u>	<u>74,077</u>	<u>-</u>

### Termination Benefits

The District offered a voluntary early retirement plan to its employees in prior years. Eligible employees must have completed at least fifteen years of full-time service to the District and must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement commences.

At June 30, 2015, the District has obligations to two participants with a total liability of \$13,975. Actual early retirement expenditures for the year ended June 30, 2015 totaled \$168,096.

### General Obligation Bonds Payable

Details of the District's June 30, 2015 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Crossover Refunding Bond Issue of December 2011			
	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2016	1.05	300,000	32,175	332,175
2017	1.30	300,000	29,025	329,025
2018	1.50	300,000	25,125	325,125
2019	1.80	250,000	20,625	270,625
2020	2.00	250,000	16,125	266,125
2021-2022	2.15-2.30	500,000	16,875	516,875
		<u>1,900,000</u>	<u>139,950</u>	<u>2,039,950</u>

### Bond Refunding

On December 1, 2011, the District issued \$2,495,000 of general obligation crossover refunding bonds with interest rates ranging between 0.60% and 2.3%. The District issued the bonds to refund \$2,550,000 of the outstanding December, 2001 general obligation bonds with interest rates of 4.05% to 4.80%. The District has invested proceeds and paid off the balance of the 2001 issue on May 1, 2013.

The refunding reduced total debt service payments over ten years by \$314,366. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$258,251.

### Revenue Bonds

Details of the District's June 30, 2015 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of July 2006			
	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2016	4.30	80,000	13,338	93,338
2017	4.35	85,000	9,769	94,769
2018	4.40	90,000	5,940	95,940
2019	4.40	90,000	1,980	91,980
		<u>345,000</u>	<u>31,027</u>	<u>376,027</u>

The District has pledged future statewide sales, services and use tax revenues to repay the bonds issued in July 2006. The bonds were issued for the purpose of financing a portion of the costs of a

new HVAC system. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2019. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. The total principal and interest remaining to be paid on the notes is \$376,027. For the current year, \$80,000 of principal and \$16,758 of interest was paid on the bonds and total statewide sales, services and use tax revenues were \$636,632.

The resolution providing for the issuance of the statewide sales, services and use tax revenue bonds include the following provisions:

- The Bonds will only be redeemed from the future earnings of the statewide sales, services and use tax revenues received by the District and the bond holders hold a lien on the future revenues received.
- \$90,000 of the proceeds from the bonds issue has been placed in a reserve account with a trustee. The reserve account may be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The reserve account is part of the District's Capital Projects Fund.
- Proceeds from the local option (statewide) sales, services and use tax shall be placed in a revenue account with a trustee. The trustee will make monthly transfers from the revenue account to the sinking account. Money in the sinking account shall be used to pay the interest and principal on the bonds. Any surplus monies remaining in the revenue fund at the end of a quarter may be used for any lawful purpose for which the local option (statewide) sales tax may be used or may be used to redeem the bonds in accordance with their terms. The sinking fund is part of the Capital Projects Fund.

## **6. Pension Plan**

Plan Description . IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits . A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a regular member's monthly IPERS benefits includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012,

the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits . A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions . Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS's Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the entry age normal actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, regular members contributed 5.95 percent of pay and the District contributed 8.93 percent for a total rate of 14.88 percent.

The District's contributions to IPERS for the year ended June 30, 2015 were \$408,540.

Net Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions . At June 30, 2015, the District reported a liability of \$2,890,103 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District's collective proportion was 0.072874 percent, which was an increase of 0.008709 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$284,252. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	\$	\$
Differences between expected and actual experience	31,410	-
Changes in assumptions	127,547	-
Net difference between projected and actual earnings on pension plan investments	-	1,102,202
Change in proportion and differences between District contributions and proportionate share of contributions	290,770	-
District contributions subsequent to the measurement date	408,540	-
Total	858,267	1,102,202

\$408,540 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	\$
2016	(170,474)
2017	(170,474)
2018	(170,474)
2019	(170,474)
2020	29,421
Total	(652,475)

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions . The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These

ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
	%	
US Equity	23	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	100	

Discount Rate . The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate . The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
	\$	\$	\$
District proportionate share of the net pension liability	5,460,768	2,890,103	720,195

Pension Plan Fiduciary Net Position . Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS's website at [www.ipers.org](http://www.ipers.org).

Payables to the Pension Plan . At June 30, 2015, the District reported no payables to the defined benefit pension plan for legally required employer contributions and legally required employee contributions to IPERS.

## 7. Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 69 active and 5 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Principal. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

	\$
Annual required contribution	62,603
Interest on net OPEB obligation	8,623
Adjustment to annual required contribution	(44,213)
Annual OPEB cost	27,013
Contributions made	(19,769)
Increase in net OPEB obligation	7,244
Net OPEB obligation beginning of year	412,589
Net OPEB obligation end of year	419,833

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2012. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the District contributed \$19,769 to the medical plan. Plan members eligible for benefits contributed \$20,603 or 100% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
	\$	%	\$
2010	169,204	35%	109,407
2011	186,681	27%	246,439
2012	202,312	23%	401,587
2013	41,535	86%	407,407
2014	38,919	87%	412,589
2015	27,013	73%	419,833

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$363,280, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$363,280. The covered payroll (annual payroll of active employees covered by the plan) was approximately



\$3,565,000, and the ratio of the UAAL to covered payroll was 10.2%. As of June 30, 2015, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2012 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions includes a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table, projected to 2000.

The UAAL is being amortized over 30 years.

## **8. Risk Management**

Maple Valley-Anthon Oto Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

## **9. Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$296,204 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

## **10. Categorical Funding**

The District's restricted fund balance for categorical funding at June 30, 2015 is comprised of the following programs:

Program	Amount
	\$
Statewide voluntary 4yr old preschool program	344,675
Teacher leadership	7,464
Nonpublic textbook services	1,753
Early readers	27,706
Professional development	11,710
Core curriculum	79,338
	<u>472,646</u>

## 11 Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions . an Amendment of GASB No. 27 was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	Governmental Activities	Business Type Activities
	\$	\$
Net position June 30, 2014, as previously reported	9,758,767	63,539
Net pension liability at June 30, 2014	(3,601,264)	(82,893)
Deferred outflows of resources		
Related to contributions made after the June 30, 2013 measurement date	416,250	9,581
Net position July 1, 2014, as restated	<u>6,573,753</u>	<u>(9,773)</u>

## REQUIRED SUPPLEMENTARY INFORMATION

MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses, and Changes in Balances -  
Budget and Actual - All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year ended June 30, 2015

	Governmental Fund Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
	\$	\$	\$	Original \$	Final \$	\$
Revenues:						
Local sources	4,654,848	140,847	4,795,695	5,760,960	5,760,960	(965,265)
State sources	4,231,866	3,351	4,235,217	3,743,845	3,743,845	491,372
Federal sources	321,544	242,843	564,387	920,000	920,000	(355,613)
Total revenues	<u>9,208,258</u>	<u>387,041</u>	<u>9,595,299</u>	<u>10,424,805</u>	<u>10,424,805</u>	<u>(829,506)</u>
Expenditures/Expenses:						
Instruction	5,582,190	-	5,582,190	6,858,158	6,858,158	1,275,968
Support services	2,401,359	-	2,401,359	4,520,884	4,520,884	2,119,525
Non-instructional programs	12,157	392,847	405,004	476,898	476,898	71,894
Other expenditures	1,703,037	-	1,703,037	1,492,533	1,492,533	(210,504)
Total expenditures/expenses	<u>9,698,743</u>	<u>392,847</u>	<u>10,091,590</u>	<u>13,348,473</u>	<u>13,348,473</u>	<u>3,256,883</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	(490,485)	(5,806)	(496,291)	(2,923,668)	(2,923,668)	2,427,377
Other financing sources (uses) net	<u>2,551</u>	<u>-</u>	<u>2,551</u>	<u>(93,513)</u>	<u>(93,513)</u>	<u>96,064</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses	(487,934)	(5,806)	(493,740)	(3,017,181)	(3,017,181)	2,523,441
Balance beginning of year	<u>4,062,385</u>	<u>(9,773)</u>	<u>4,052,612</u>	<u>3,017,181</u>	<u>3,017,181</u>	<u>1,035,431</u>
Balance end of year	<u><u>3,574,451</u></u>	<u><u>(15,579)</u></u>	<u><u>3,558,872</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>3,558,872</u></u>

MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2015

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Internal Service, Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. The District did not amend the budget during the year.

During the year ended June 30, 2015 expenditures exceeded the certified budget in the other expenditures function.

MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System  
Last Fiscal Year\*

Required Supplementary Information

	<u>2015</u>
District's proportion of the net pension liability	0.072874%
District's proportionate share of the net pension liability	2,890,103
District's covered-employee payroll	4,574,915
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	63.17%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

\* The amounts presented for each fiscal year were determined as of June 30.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

Schedule of District Contributions

Iowa Public Employees' Retirement System  
Last 10 Fiscal Years

Required Supplementary Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>
	\$	\$	\$
Statutorily required contribution	408,540	425,831	364,866
Contributions in relation to the statutorily required contribution	<u>408,540</u>	<u>425,831</u>	<u>364,866</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	4,574,915	4,768,544	4,208,373
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%

## MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

### Notes to Required Supplementary Information - Pension Liability

Year ended June 30, 2015

#### Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement.

In 2008, legislative action transferred four groups - emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers - from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

#### Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decrease the inflation assumption from 3.25 percent to 3.00 percent.
- Decrease the assumed rate of interest on member accounts from 4.00 percent to 3.75% percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL. UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.



MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Pension Liability

Year ended June 30, 2015

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

Adjusted salary increase assumptions to service based assumptions.

Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.

Lowered the inflation assumption from 3.50 percent to 3.25 percent.

Lowered disability rates for sheriffs and deputies and protection occupation members.

MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

Schedule of Funding Progress for the Retiree Health Plan

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets ( a ) \$	Actuarial Accrued Liability (AAL) ( b ) \$	Unfunded AAL (UAAL) ( b-a ) \$	Funded Ratio ( a/b ) %	Covered Payroll ( c ) \$	UAAL as a Percentage of Covered Payroll ( (b-a)/c ) %
Combined Anthon-Oto and Maple Valley Districts							
2010	July 1, 2009	-	1,406,276	1,406,276	0.0%	2,960,000	47.5%
2011	July 1, 2009	-	1,722,560	1,494,502	0.0%	2,470,000	60.5%
2012	July 1, 2009	-	1,699,201	1,699,201	0.0%	3,400,000	50.0%
Maple Valley-Anthon Oto District							
2013	July 1, 2012	-	430,462	430,462	0.0%	3,180,000	13.5%
2014	July 1, 2012	-	394,750	394,750	0.0%	3,310,000	11.9%
2015	July 1, 2012	-	363,280	363,280	0.0%	3,565,000	10.2%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

## SUPPLEMENTARY INFORMATION

## MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2015

Assets	Special Revenue Funds			Total
	Management	Student	Debt	
	Levy	Activity	Service	
	\$	\$	\$	\$
Cash, cash equivalents and pooled investments	283,892	80,982	29,512	394,386
Receivables:				
Property tax:				
Delinquent	1,307	-	4,124	5,431
Succeeding year	200,000	-	332,675	532,675
Accounts	1,047	-	-	1,047
<b>Total assets</b>	<b>486,246</b>	<b>80,982</b>	<b>366,311</b>	<b>933,539</b>
<b>Liabilities, Deferred Inflows of Resources &amp; Fund Balances</b>				
Liabilities	-	-	-	-
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	200,000	-	332,675	532,675
Fund balances:				
Restricted for:				
Debt service	-	-	33,636	33,636
Management levy	286,246	-	-	286,246
Student activities	-	80,982	-	80,982
Total fund balances	286,246	80,982	33,636	400,864
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>486,246</b>	<b>80,982</b>	<b>366,311</b>	<b>933,539</b>

## MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds

Year ended June 30, 2015

	Special Revenue Funds		Debt	
	Management	Student	Service	Total
	Levy	Activity		
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	100,641	-	336,882	437,523
Other	3,553	287,150	-	290,703
State sources	-	-	59	59
Total revenues	<u>104,194</u>	<u>287,150</u>	<u>336,941</u>	<u>728,285</u>
Expenditures:				
Current:				
Instruction:				
Regular	185,255	-	-	185,255
Other	-	285,409	-	285,409
Support services:				
Administration	11	-	-	11
Operation and maintenance of plant	10	-	-	10
Transportation	1,016	-	-	1,016
Other expenditures:				
Long-term debt:				
Principal	-	-	380,000	380,000
Interest and fiscal charges	-	-	51,833	51,833
Total expenditures	<u>186,292</u>	<u>285,409</u>	<u>431,833</u>	<u>903,534</u>
Excess (deficiency) of revenues over (under) expenditures	(82,098)	1,741	(94,892)	(175,249)
Other financing sources (uses):				
Transfers in	<u>-</u>	<u>-</u>	<u>96,758</u>	<u>96,758</u>
Change in fund balances	(82,098)	1,741	1,866	(78,491)
Fund balances beginning of year	<u>368,344</u>	<u>79,241</u>	<u>31,770</u>	<u>479,355</u>
Fund balances end of year	<u><u>286,246</u></u>	<u><u>80,982</u></u>	<u><u>33,636</u></u>	<u><u>400,864</u></u>

## MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet  
Capital Project Accounts

June 30, 2015

<b>Assets</b>	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
	\$	\$	\$
Cash, cash equivalents and pooled investments	811,462	453,875	1,265,337
Receivables:			
Property tax:			
Delinquent	-	1,313	1,313
Succeeding year	-	109,003	109,003
Due from other governments	99,008	-	99,008
<b>Total assets</b>	<b>910,470</b>	<b>564,191</b>	<b>1,474,661</b>
<b>Liabilities, Deferred Inflows of Resources &amp; Fund Balances</b>			
Liabilities	-	-	-
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	109,003	109,003
Fund balances:			
Restricted for:			
School infrastructure	910,470	-	910,470
Physical plant and equipment	-	455,188	455,188
Total fund balances	910,470	455,188	1,365,658
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>910,470</b>	<b>564,191</b>	<b>1,474,661</b>

## MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
Capital Project Accounts

Year ended June 30, 2015

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
	\$	\$	\$
Revenues:			
Local sources:			
Local tax	-	106,742	106,742
Other	189	86	275
State sources	636,632	-	636,632
Total revenues	<u>636,821</u>	<u>106,828</u>	<u>743,649</u>
Expenditures:			
Current:			
Support services:			
Operation and maintenance of plant	14,125	3,072	17,197
Transportation services	-	1,648	1,648
Other expenditures:			
Facilities acquisition	663,861	311,139	975,000
Total expenditures	<u>677,986</u>	<u>315,859</u>	<u>993,845</u>
Excess (deficiency) of revenues over (under) expenditures	(41,165)	(209,031)	(250,196)
Other financing sources (uses):			
Transfers out	<u>(96,758)</u>	<u>-</u>	<u>(96,758)</u>
Change in fund balance	(137,923)	(209,031)	(346,954)
Fund balances beginning of year	<u>1,048,393</u>	<u>664,219</u>	<u>1,712,612</u>
Fund balance end of year	<u><u>910,470</u></u>	<u><u>455,188</u></u>	<u><u>1,365,658</u></u>

## MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

## Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2015

	Balance Beginning of Year	Revenues	Expenditures	Intra-Fund Transfers	Balance End of Year
	\$	\$	\$	\$	\$
Yearbook	4,765	9,573	7,256	-	7,082
Spanish trip	6,076	9,172	13,000	-	2,248
FCCLA-home ec. club	940	2,123	2,544	-	519
Drama	5,153	1,782	2,666	-	4,269
Vocal trip	-	-	2,048	2,048	-
Vocal music	12,119	18,655	14,908	(2,244)	13,622
MS swing choir	-	1,164	1,360	196	-
Instrumental music trip	-	-	197	197	-
Instrumental music	2,295	1,671	1,085	(296)	2,585
MS instrumental music	-	2,336	1,977	99	458
General athletics	-	2,962	6,189	3,227	-
MS activities	-	19,431	19,266	(165)	-
Boys/girls basketball	-	6,942	5,056	(1,886)	-
Boys/girls track	-	1,283	2,905	1,622	-
Boys/girls golf	-	2,016	1,428	(588)	-
Boys football	-	4,776	4,696	(80)	-
Boys baseball	-	4,740	7,104	2,364	-
Boys wrestling	-	2,731	3,599	868	-
Volleyball	-	5,910	5,349	(561)	-
Girls softball	-	3,301	5,113	1,812	-
Cross country	-	420	788	368	-
State tournament account	-	8,924	10,468	2,000	456
Special boys basketball	2,443	13,205	14,213	-	1,435
Special girls basketball	-	-	25	25	-
Special baseball	237	11,606	10,863	-	980
Special softball	1,710	5,163	4,241	-	2,632
Special football	17	5,755	1,684	-	4,088
Special volleyball	1,219	2,058	1,906	-	1,371
Special wrestling	1,658	3,710	4,378	-	990
Special track	994	4,927	5,471	-	450
Special girls golf	544	400	2,203	1,271	12
Special boys golf	22	360	657	275	-
Special cross country	2,176	100	482	-	1,794
Cheerleaders	2,142	3,020	3,042	-	2,120
Ram wear	2,481	10,246	8,391	-	4,336
Dance team	2,626	2,948	3,979	-	1,595
FFA	9,087	37,228	38,604	-	7,711
FFA thrift account	2,316	1,880	3,097	-	1,099
Business Professionals of America	1,348	6,182	7,226	-	304



## MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

## Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2015

	Balance Beginning of Year	Revenues	Expenditures	Intra-Fund Transfers	Balance End of Year
	\$	\$	\$	\$	\$
Sales and marketing	1,723	2,710	4,433	-	-
NHS Gold	400	1,954	1,759	-	595
Destination imagination	987	-	-	-	987
Student council	108	1,690	976	-	822
MS student council	90	64	-	-	154
Concessions	8,309	52,155	37,919	(11,433)	11,112
Student equipment	381	-	-	-	381
Interest	-	52	-	(52)	-
HS special activities	546	-	-	-	546
Elementary special activities	782	-	-	-	782
AO elementary activities	2,421	-	-	-	2,421
Class of 2018	-	-	35	35	-
Class of 2017	-	532	-	-	532
Class of 2016	-	7,747	7,253	-	494
Class of 2015	1,126	1,546	3,570	898	-
Totals	79,241	287,150	285,409	-	80,982

## MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

Schedule of Revenues by Source and Expenditures by Function  
All Governmental Funds

For the Last Three Years

	Modified Accrual Basis		
	2015	2014	2013
	\$	\$	\$
Revenues:			
Local sources:			
Local tax	3,622,720	3,213,754	3,619,057
Tuition	475,191	417,593	349,383
Other	556,937	1,197,276	548,751
State sources	4,231,866	4,432,844	4,864,665
Federal sources	321,544	275,555	285,515
Total revenues	<u>9,208,258</u>	<u>9,537,022</u>	<u>9,667,371</u>
Expenditures:			
Instruction:			
Regular	3,423,496	3,567,047	3,679,834
Special	1,005,401	1,066,786	1,030,092
Other	1,153,293	1,108,868	1,189,850
Support services:			
Student	237,229	161,232	200,737
Instructional staff	197,673	210,841	234,245
Administration	895,535	932,786	1,018,438
Operation and maintenance	618,099	810,233	1,014,785
Transportation	452,823	556,214	753,939
Non-instructional programs	12,157	5,000	18,685
Other expenditures:			
Facilities acquisition	975,000	917,115	449,824
Long-term debt:			
Principal	380,000	370,000	2,855,000
Interest and other charges	51,833	58,380	182,270
AEA flowthrough	296,204	294,661	285,708
Total expenditures	<u>9,698,743</u>	<u>10,059,163</u>	<u>12,913,407</u>

## MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

## Schedule of Expenditures of Federal Awards

Year ended June 30, 2015

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u> \$
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY 15	42,718
National School Lunch Program (non-cash)	10.555	FY 15	24,656
National School Lunch Program	10.555	FY 15	157,319
Summer Food Service Program for Children	10.559	FY 15	18,150
			<u>242,843</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	FY 15	<u>167,034</u>
Career and Technical Education - Basic Grants to States	84.048	FY 15	<u>26,772</u>
Improving Teacher Quality State Grants	84.367	FY 15	<u>36,801</u>
Grants for State Assessments and Related Activities	84.369	FY 15	<u>3,225</u>
Northwest Area Education Agency:			
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	FY 15	<u>33,801</u>
Total			<u><u>510,476</u></u>

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of Maple Valley-Anthon Oto Community School District and is presented on the accrual or modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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Independent Auditor's Report on Internal Control  
Over Financial Reporting and on compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

To the Board of Education of  
Maple Valley-Anthon Oto Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Maple Valley-Anthon Oto Community School District and of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 8, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Maple Valley-Anthon Oto Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Maple Valley-Anthon Oto Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Maple Valley-Anthon Oto Community School District's Internal Control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified deficiencies in internal control we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items 15-II-A, 15-II-B and 15-II-C to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Maple Valley-Anthon Oto Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and,

accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

#### Maple Valley-Anthon Oto Community School District's Responses to the Findings

Maple Valley-Anthon Oto Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Maple Valley-Anthon Oto Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Maple Valley-Anthon Oto Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

BURTON E. TRACY & CO., P.C.  
Certified Public Accountants

June 8, 2016

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Independent Auditor's Report on Compliance  
for Each Major Federal Program and on Internal Control over Compliance  
Required by OMB Circular A-133

To the Board of Education of  
Maple Valley-Anthon Oto Community School District:

Report on Compliance for Each Major Federal Program

We have audited Maple Valley-Anthon Oto Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. Maple Valley-Anthon Oto Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Maple Valley-Anthon Oto Community School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and OMB Circular A-133. Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Maple Valley-Anthon Oto Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Maple Valley-Anthon Oto Community School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Maple Valley-Anthon Oto Community School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

The management of Maple Valley-Anthon Oto Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to

above. In planning and performing our audit of compliance, we considered Maple Valley-Anthon Oto Community School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Maple Valley-Anthon Oto Community School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control over compliance we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 15-III-A to be a material weakness.

Maple Valley-Anthon Oto Community School District's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Maple Valley-Anthon Oto Community School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

BURTON E. TRACY & CO., P.C.  
Certified Public Accountants

June 30, 2016

MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2015

Part I: Summary of the Independent Auditor's Results:

- (a) Unmodified opinions were issued on the financial statements.
- (b) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A material weakness in internal control over the major programs was disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
  - Child Nutrition Cluster:
    - CFDA Number 10.559 . Summer Food Service Program \$ 18,150
    - CFDA Number 10.553 . School Breakfast Program \$ 42,718
    - CFDA Number 10.555 . National School Lunch Program \$157,319
    - CFDA Number 10.555 . Food Donation Program \$ 24,656
  - Title I grants to Local Education Agencies- CFDA Number 84.010 \$167,034
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Maple Valley-Anthon Oto Community School District did not qualify as a low-risk auditee.



MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2015

Part II: Findings Related to the Financial Statements:

Internal Control Deficiencies:

- 15-II-A Segregation of Duties: The limited number of personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities, such as recording and processing cash receipts, payroll processing, preparing checks and bank reconciliations, preparing and posting general journal entries, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although we noted the District had taken steps to segregate duties between the present personnel. This is not an unusual condition but it is important that District officials are aware that the condition exists.

Recommendation: We realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

District Response: We will continue to review our procedures and implement additional controls where possible.

Conclusion: Response accepted.

- 15-II-B Financial Statement Preparation: Financial statement preparation is the responsibility of the District. At the present time District personnel do not have the skills necessary to be able to write the District's financial statements and the related note disclosures. This is not an unusual situation for small governmental entities.

Recommendation: District personnel should attend any governmental accounting and reporting training sessions that may be offered by the Iowa Department of Education, State Auditor's Office or Iowa Association of School Business Officials. The school business office should also have governmental accounting and reporting reference materials.

District Response: As a school we certainly understand the need for continuing education classes for all of our staff. However, we have a limited budget and must continually prioritize needs. At this point in time it is not cost effective to train our staff to the level necessary that would enable them to write the financial statements, nor is it feasible to hire additional employees that already possess the skills.

Conclusion: Response accepted.

MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2015

Part II: Findings Related to the Financial Statements (continued):

15-II-C     Signature Stamp: We noted that a stamp bearing the signature of the Board President is used to cosign checks. The board secretary, the other co-signer of the checks has access to the stamp. This practice negates the internal control procedure established by requiring two signatures on a check.

Recommendation: We recommend that this practice cease. The board may designate a person other than the board president to cosign checks. If a signature stamp is used, it should remain under the control of the person whose name the stamp bears at all times.

District Response: We will discuss methods to limit access to the signature stamp.

Conclusion: Response accepted.

Instances of Non-Compliance:

No matters were noted.

MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2015

Part III: Findings and Questioned Costs For Federal Awards:

Instances of Non-Compliance:

No matters were noted.

Internal Control Deficiency:

CFDA Number 10.559 . Summer Food Service Program

CFDA Number 10.553 . School Breakfast Program

CFDA Number 10.555 . National School Lunch Program

CFDA Number 10.555 . Food Donation Program

Federal Award Year: 2015

U.S. Department Agriculture

Passed thru the Iowa Department Education

CFDA Number 84.010 . Title I Grants To Local Education Agencies

Federal Award Year: 2015

U.S. Department Education

Passed thru the Iowa Department Education

15-III-A Segregation of Duties: The limited number of personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities, such as recording and processing cash receipts, payroll processing, preparing checks and bank reconciliations, preparing and posting general journal entries, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although we noted the District had taken steps to segregate duties between the present personnel. This is not an unusual condition but it is important that District officials are aware that the condition exists.

Recommendation: We realize segregation of duties is difficult with a limited number of office employees. However, the District should review its procedures to obtain the maximum internal control possible under the circumstance utilizing currently available staff, including elected officials.

District Response: We will continue to review our procedures and implement additional controls where possible.

Conclusion: Response accepted.

MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2015

Part IV: Other Findings Related to Required Statutory Reporting:

- 15-IV-A Certified Budget: Expenditures for the year ended June 30, 2015, exceeded the certified budget amount in the other expenditure function.

Recommendation: The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

District Response: Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion: Response accepted.

- 15-IV-B Questionable Expenditures: No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

- 15-IV-C Travel Expenses: No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

- 15-IV-D Business Transactions: Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
		\$
Tammy Flanigan, Board Member	Assistant Coach	2,499
Tammy Flanigan, Board Member	Loan officer at bank doing business with District	

Recommendation: The District should consult with their attorney regarding this situation.

District Response: We will consult with our attorney when necessary.

Conclusion: Response accepted.

- 15-IV-E Bond Coverage: Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of bond coverage should be reviewed annually to insure that the coverage is adequate for current operations.

- 15-IV-F Board Minutes: No transactions requiring board approval that had not been approved by the board were noted.

- 15-IV-G Certified Enrollment: No variances in the basic enrollment data certified to the Department of Education were noted.

- 15-IV-H Supplementary Weighting: The number of resident students reported to the Iowa Department of Education at October 2014, was overstated by 2 students.

MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2015

Part IV: Other Findings Related to Required Statutory Reporting (continued):

Recommendation: The District should review its control procedures to ensure accurate counts in the future.

District Response: We will continue to review our procedures and implement additional controls where possible.

Conclusion: Response accepted

15-IV-I Deposits and Investments: No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

15-IV-J Certified Annual Report: The Certified Annual Report was certified to the Iowa Department of Education timely.

15-IV-K Categorical Funding: No instances were noted of categorical funding being used to supplant rather than supplement other funds.

15-IV-L Statewide Sales, Services and Use Tax: No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2015, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

	\$	\$
Beginning balance		1,048,393
Revenues/transfers in:		
Statewide sales, services and use tax revenue	636,632	
Other	189	636,821
	<hr/>	
Expenditures/transfers out:		
Other	677,986	
Transfers to Debt Service	96,758	774,744
	<hr/>	<hr/>
Ending balance		<u>910,470</u>

For the year ended June 30, 2015, the District did not reduce any levies as a result of the moneys received under Chapter 423e or 423F of the Code of Iowa.

MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2015

Part IV: Other Findings Related to Required Statutory Reporting (continued):

15-IV-M Fund Deficits: We noted the School Nutrition Fund had an unassigned deficit balance at June 30, 2015.

Recommendation: The District should seek ways to eliminate the deficit.

District Response: We are trying to reduce those accounts with deficit balances.

Conclusion: Response accepted.